

TAXPAYERS CAN USE W-2 FORMS WITH BOX 15 ERROR

WASHINGTON -- The Internal Revenue Service announced today that some employees may have received a Form W-2 with an incorrect marking in Box 15. This contains checkboxes to indicate a statutory employee, a deceased person, pension plan coverage, a legal representative, or deferred compensation. Such taxpayers may use this incorrect W-2 when filing their tax returns. They will not have to correct the form themselves or get corrected forms from their employers.

The IRS reduced the number of checkboxes in Box 15 from seven to five on the 1998 Form W-2. Some developers of employment tax software may have overlooked this change. Or, software developers may have used IRS printing specifications that gave incorrect spacing between these checkboxes. When such software prints out to a blank W-2, the "X" may fall in the wrong checkbox or in between checkboxes.

Employees do not need to make any correction to an erroneously checked box in Box 15 of their Form W-2. They should just send it with their tax return. Those who have already made a correction to Box 15 may still use that W-2 to file the tax return.

The Box 15 information will not affect the IRS processing of the tax return, so the error will not affect taxpayers' refunds. When the IRS later matches employers' W-2 data with employees' tax returns, it will take steps to avoid contacting taxpayers about this matter.

The IRS does not know how many employers may have given employees W-2s with incorrect Box 15 entries. Many employers use alternative layouts for the W-2, that would probably not have this problem. Many other employers type entries on the forms and should not be affected either.

Employers will not have to issue corrected forms to their employees or to the Social Security Administration (SSA) for this error. The IRS will not impose a penalty for furnishing or filing an incorrect W-2 because of a misplaced checkmark in Box 15. Employers who choose to provide corrected copies to their employees, however, should enter "CORRECTED STATEMENT" on the new copies or provide Forms W-2c.

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Since many employers send their W-2 information to SSA in a computerized format and this problem affects only the printed copies, the computer data they submit should not have this error.

Employers who have already submitted paper W-2s to SSA with erroneous checkmarks in Box 15 do not need to notify SSA or submit corrected forms.

Employers who have not yet filed their paper W-2s with SSA and who can readily prepare forms with correct Box 15 entries in time for the March 1 filing deadline are encouraged to do so.

The IRS recommends that employers who have issued W-2s with erroneous Box 15 entries alert their employees to the error and reassure them that this error will not affect the processing of their tax returns. Such notification may take any form that is convenient for the employer, such as a newsletter item, bulletin board posting, pay statement insert, or e-mail.

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